IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1941.

No. 49

MORTON SALT COMPANY,
a Corporation of Illinois,
Petitioner,

vs.

THE G. S. SUPPIGER COMPANY,
a Corporation of Delaware,
Respondent.

BRIEF FOR PETITIONER IN REPLY TO RESPONDENT'S PETITION FOR REHEARING.

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As an attorney for the respondent has certified "that in his opinion" the petition for rehearing "is well founded in law and in fact", it appears incumbent for us to reply.

From the petition for rehearing it appears obvious that respondent has failed to grasp the reasoning of the

Court and the basis of its decree. The several points urged for re-argument were all made and argued at length both in respondent's brief and in the hearing before the Court. Each is met and determined by the Court in its decision. And to grant the rehearing would merely permit respondent to re-argue the case upon the same lines that were followed at the hearing.

Point II, page 3 of the petition for rehearing, deserves comment as being unique. It asserts that this Court has "established a rule of law which is contrary to the expressed will of Congress"; that it has "failed to consider that Congress has specifically refused to pass legislation making proved violation of the Clayton Act a defense in a patent infringement case."

We have heard of this Court examining the proceedings and discussions of members of the Congress in determining the intent of a statute which has been passed. But we know of no instance in which the failure of Congress to enact a statute has been accepted as authority for a rule that the law must be the precise opposite of that set forth in the rejected legislation. Maybe Congress thought the proposed legislation unnecessary in view of the existing law as interpreted by this Court in the various cases referred to in its opinion.

Respondent's petition for rehearing should be denied.

Respectfully submitted,

CLARENCE E. MEHLHOPE,
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January 29, 1942.

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SUPREME COURT OF THE UNITED STATES.

No. 49.—October Term, 1941.

Morton Salt Company, Petitioner, *vs.* The G. S. Suppiger Company. | On Writ of Certiorari to the United States Circuit Court of Appeals for the Seventh Circuit.

[January 5, 1942.]

Mr. Chief Justice Stone delivered the opinion of the Court.

Respondent brought this suit in the district court for an injunction and an accounting for infringement of its Patent No. 2,060,645, of November 10, 1936, on a machine for depositing salt tablets, a device said to be useful in the canning industry for adding predetermined amounts of salt in tablet form to the contents of the cans.

Upon petitioner's motion, pursuant to Rule 56 of the Rules of Civil Procedure, the trial court, without passing on the issues of validity and infringement, granted summary judgment dismissing the complaint. It took the ground that respondent was making use of the patent to restrain the sale of salt tablets in competition with its own sale of unpatented tablets, by requiring licensees to use with the patented machines only tablets sold by respondent. The Court of Appeals for the Seventh Circuit reversed, 117 F. 2d 968, because it thought that respondent's use of the patent was not shown to violate § 3 of the Clayton Act, 15 U. S. C. § 14, as it did not appear that the use of its patent substantially lessened competition or tended to create a monopoly in salt tablets. We granted certiorari, 313 U. S. 555, because of the public importance of the question presented and of an alleged conflict of the decision below with *B. B. Chemical Co.* v. *Ellis*, 117 F. 2d 829, and with the principles underlying the decisions in *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27 and *Leitch Mfg. Co.* v. *Barber Co.*, 302 U. S. 458.

The Clayton Act ~~imposes criminal penalties for engaging in specified unlawful trade practices tending to monopoly and restraint of trade, and authorizes those injured by violations~~ authorizes those injured by violations tending to monoply to main-

tain suit for treble damages and for an injunction in appropriate cases. 15 U. S. C. §§ 1, 2, 14, 15, 26. But the present suit is for infringement of a patent. The question we must decide is not necessarily whether respondent has violated the Clayton Act, but whether a court of equity will lend its aid to protect the patent monopoly when respondent is using it as the effective means of restraining competition with its sale of an unpatented article.

Both respondent's wholly owned subsidiary and the petitioner manufacture and sell salt tablets used and useful in the canning trade. The tablets have a particular configuration rendering them capable of convenient use in respondent's patented machines. Petitioner makes and leases to canners unpatented salt depositing machines, charged to infringe respondent's patent. For reasons we indicate later, nothing turns on the fact that petitioner also competes with respondent in the sale of the tablets, and we may assume for purposes of this case that petitioner is doing no more than making and leasing the alleged infringing machines. The principal business of respondent's subsidiary, from which its profits are derived, is the sale of salt tablets. In connection with this business, and as an adjunct to it, respondent leases its patented machines to commercial canners, some two hundred in all, under licenses to use the machines upon condition and with the agreement of the licensees that only the subsidiary's salt tablets be used with the leased machines.

It thus appears that respondent is making use of its patent monopoly to restrain competition in the marketing of unpatented articles, salt tablets, for use with the patented machines, and is aiding in the creation of a limited monopoly in the tablets not within that granted by the patent. A patent operates to create and grant to the patentee an exclusive right to make, use and vend the particular device described and claimed in the patent. But a patent affords no immunity for a monopoly not within the grant, *Interstate Circuit* v. *United States*, 306 U. S. 208, 228, 230; *Ethyl Gasoline Corp.* v. *United States*, 309 U. S. 436, 456, and the use of it to suppress competition in the sale of an unpatented article may deprive the patentee of the aid of a court of equity to restrain an alleged infringement by one who is a competitor. It is the established rule that a patentee who has granted a license on condition that the patented invention be used by the licensee only with unpatented materials furnished by the licensor, may not restrain as a contributory infringer one

who sells to the licensee like materials for like use *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U. S. 502, 510; *Carbice Corp* v. *American Patents Corp.*, *supra*; *Leitch Mfg. Co.* v. *Barber Co.*, *supra*; cf. *United Shoe Machinery Co.* v. *United States*, 258 U. S. 451, 462; *International Business Machines Corp.* v. *United States*, 298 U. S. 131, 140.

The grant to the inventor of the special privilege of a patent monopoly carries out a public policy adopted by the Constitution and laws of the United States, "to promote the Progress of Science and useful Arts, by securing for limited Times to . . . Inventors the exclusive Right . . . " to their "new and useful" inventions. United States Constitution, Art. I, § 8, cl. 8; 35 U. S. C. § 31. But the public policy which includes inventions within the granted monopoly excludes from it all that is not embraced in the invention. It equally forbids the use of the patent to secure an exclusive right or limited monopoly not granted by the Patent Office and which it is contrary to public policy to grant.

It is a principle of general application that courts, and especially courts of equity, may appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest. *Virginia Ry.* v. *Federation*, 300 U. S. 515, 552; *Central Kentucky Co.* v. *Commission*, 290 U. S. 264, 270-73; *Harrisonville* v. *Dickey Clay Co.*, 289 U. S. 334, 337-38; *Beasley* v. *Texas & Pacific Railway Co.*, 191 U. S. 492, 497; *Securities Comm'n* v. *U. S. Realty Co.*, 310 U. S. 434, 455; *United States* v. *Morgan*, 307 U. S. 183, 194. Respondent argues that this doctrine is limited in its application to those cases where the patentee seeks to restrain contributory infringement by the sale to licensees of a competing unpatented article, while here respondent seeks to restrain petitioner from a direct infringement, the manufacture and sale of the salt tablet depositor. It is said that the equitable maxim that a party seeking the aid of a court of equity must come into court with clean hands applies only to the plaintiff's wrongful conduct in the particular act or transaction which raises the equity, enforcement of which is sought; that where, as here, the patentee seeks to restrain the manufacture or use of the patented device, his conduct in using the patent to restrict competition in the sale of salt tablets does not foreclose him from seeking relief limited to an injunction against the manufacture and sale of the infringing machine alone.

Undoubtedly "equity does not demand that its suitors shall have led blameless lives", *Loughran* v. *Loughran*, 292 U. S. 216, 229; cf. *Keystone Co.* v. *Excavator Co.*, 290 U. S. 240, 241-45, but additional considerations must be taken into account where maintenance of the suit concerns the public interest as well as the private interests of suitors. Where the patent is used as a means of restraining competition with the patentee's sale of an unpatented product, the successful prosecution of an infringement suit even against one who is not a competitor in such sale is a powerful aid to the maintenance of the attempted monopoly of the unpatented article, and is thus a contributing factor in thwarting the public policy underlying the grant of the patent. Maintenance and enlargement of the attempted monopoly of the unpatented article are dependent to some extent upon persuading the public of the validity of the patent, which the infringement suit is intended to establish. Equity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until it is made to appear that the improper practice has been abandoned and that the consequences of the misuse of the patent have been dissipated. Cf. *B. B. Chemical Co.* v. *Ellis*, decided this day.

The reasons for barring the prosecution of such a suit against one who is not a competitor with the patentee in the sale of the unpatented product are fundamentally the same as those which preclude an infringement suit against a licensee who has violated a condition of the license by using with the licensed machine a competing unpatented article, *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, *supra*, or against a vendee of a patented or copyrighted article for violation of a condition for the maintenance of resale prices, *Adams* v. *Burke*, 17 Wall. 453; *Bobbs-Merrill Co.* v. *Straus*, 210 U. S. 339; *Bauer & Cie* v. *O'Donnell*, 229 U. S. 1; *Straus* v. *Victor Talking Machine Co.*, 243 U. S. 490; *Boston Store* v. *American Gramophone Co.*, 246 U. S. 8; cf. *United States* v. *Gen. Elec. Co.*, 272 U. S. 476, 485. It is the adverse effect upon the public interest of a successful infringement suit in conjunction with the patentee's course of conduct which disqualifies him to maintain the suit, regardless of whether the particular defendant has suffered from the misuse of the patent. Similarly equity will deny relief for infringement of a trademark where the plaintiff is misrepresenting to the public the nature of his product either by the trademark itself or by his label. *Manhattan Medicine*

Co. v. *Wood*, 108 U. S. 218; *Worden* v. *California Fig Syrup Co.*, 187 U. S. 516; *Leather Cloth Co.* v. *American Leather Cloth Co.*, 11 H. L. 522, 541-45; see also, for application of the like doctrine in the case of copyright, *Edward Thompson Co.* v. *American Law Book Co.*, 122 F. 922, 926; *Stone & M'Carrick* v. *Dugan Piano Co.*, 220 F. 837, 841-43. The patentee, like these other holders of an exclusive privilege granted in the furtherance of a public policy, may not claim protection of his grant by the courts where it is being used to subvert that policy.

It is unnecessary to decide whether respondent has violated the Clayton Act, for we conclude that in any event the maintenance of the present suit to restrain petitioner's manufacture or sale of the alleged infringing machines is contrary to public policy and that the district court rightly dismissed the complaint for want of equity.

Reversed.

Mr. Justice ROBERTS took no part in the decision of this case.

A true copy.

Test:

Clerk, Supreme Court, U. S.